

FY-2018 BUDGET



OKLAHOMA STATE DEPARTMENT OF
EDUCATION
— CHAMPION EXCELLENCE —



JOY HOFMEISTER
STATE SUPERINTENDENT *of* PUBLIC INSTRUCTION
OKLAHOMA STATE DEPARTMENT *of* EDUCATION

MEMORANDUM

TO: The Honorable Members of the State Board of Education
FROM: State Superintendent Joy Hofmeister
DATE: June 22, 2017
SUBJECT: FY 18 Education Budget Recommendation

The following budget is recommended for approval by the State Board of Education.

The Oklahoma State Legislature passed S.B. 860, which makes certain appropriations to the State Board of Education. Amounts for Financial Support of Public Schools, Flexible Benefit Allowance, Support of Public School Activities and Administrative/Support Functions of the State Department of Education (OSDE) were specifically appropriated.

Most notably, in this year's budget the Legislature was able to increase appropriations to the Flexible Benefit Allowance to fully cover health insurance for teachers and support staff while maintaining other critical areas of budget such as the state aid funding formula.

Due to a small carryover amount in the Teachers' Retirement System line item and slight savings accrued after the initial repeal of the end-of-instruction exams, the OSDE was able to restore funding to a few key programs. Funding in the Early Childhood Initiative and Reading Sufficiency line items will help to bolster early literacy efforts for Oklahoma's neediest early learners and struggling readers as schools implement more challenging academic standards.

This budget proposal also demonstrates a commitment to a well-rounded education through continued funding of the Oklahoma Arts Institute and Ag in the Classroom. While modest funds allow only partial funding, the budget prioritizes support to districts with programs like Teach for America, Teacher and Leader Effectiveness (TLE) new professional learning focus, Great Expectations and other meaningful professional development for educators amid an ongoing and historic teacher shortage.

The cut of \$38 million to the Public School Activity line item last year has not been restored; therefore, tremendous and essential programs in the support of children and educators have no funds available again for FY 2018.

Attached Documentation:

- FY18 SDE Appropriation/Budget
- FY18 SDE Appropriation/Budget Program Description
- S.B. 860 (Education Appropriations)
- S.B. 860 Bill Summary
- FY 18 SDE Appropriations/Budget Presentation

**Oklahoma State Board of Education
Fiscal Year 2018 Budget**

Purpose	FY 17 Initial Appropriation	FY 17 Actual	FY 18 Appropriation	Difference from FY 17 Initial
Financial Support of Public Schools <i>(sources below)</i>	1,870,703,624.00	1,820,301,187.80	1,870,977,666.00	274,042.00
<i>General Revenue (GR)</i>	<i>1,038,594,450.00</i>	<i>1,031,324,288.85</i>	<i>1,036,429,437.00</i>	<i>(2,165,013.00)</i>
<i>Education Reform Revolving Fund (1017 funds)</i>	<i>696,954,056.00</i>	<i>657,834,971.44</i>	<i>695,407,138.00</i>	<i>(1,546,918.00)</i>
<i>Common Education Technology Fund</i>	<i>41,168,478.00</i>	<i>38,043,535.30</i>	<i>47,372,299.00</i>	<i>6,203,821.00</i>
<i>Oklahoma Lottery Trust Fund</i>	<i>23,397,757.00</i>	<i>23,397,757.00</i>	<i>31,369,754.00</i>	<i>7,971,997.00</i>
<i>Mineral Leasing Fund</i>	<i>4,723,795.00</i>	<i>3,835,547.21</i>	<i>6,899,038.00</i>	<i>2,175,243.00</i>
<i>School Consolidation Assistance Fund</i>	<i>-</i>	<i>-</i>	<i>2,500,000.00</i>	<i>2,500,000.00</i>
<i>Amount appropriated from Constitutional Rserve Fund (Rainy Day)</i>	<i>65,865,088.00</i>	<i>65,865,088.00</i>	<i>51,000,000.00</i>	<i>(14,865,088.00)</i>
Instructional Materials	-		-	-
Flexible Benefit Allowance <i>(appropriated from GR)</i>	442,030,522.00	438,936,308.34	462,695,967.00	20,665,445.00
<i>Certified Personnel</i>	<i>284,030,744.00</i>	<i>282,042,528.79</i>	<i>299,320,340.00</i>	<i>15,289,596.00</i>
<i>Support Personnel</i>	<i>157,999,778.00</i>	<i>156,893,779.55</i>	<i>163,375,627.00</i>	<i>5,375,849.00</i>
Support of Public School Activities <i>(appropriated from GR)</i>	91,956,442.00	91,312,746.91	92,074,033.00	117,591.00
Support of Partnership for Math Intervention <i>(appropriated from GR)</i>	1,000,000.00	993,000.00	-	(1,000,000.00)
Administrative and Support Functions <i>(appropriated from GR)</i>	15,831,344.00	15,720,524.59	15,681,105.00	(150,239.00)
Lottery Trust Fund - Transfer to TRS Revolving Fund (62 O.S 34.93 and 3A O.S. 713(C)(3))	2,599,751.00	2,599,751.00	3,485,529.00	885,778.00
Lottery Trust Fund - Transfer to School Consolidation Assistance Fund (70 O.S. 7-203)	2,599,751.00	2,599,751.00	3,485,529.00	885,778.00
TOTAL APPROPRIATION	2,426,721,434.00	2,372,463,269.64	2,448,399,829.00	21,678,395.00
Total Additional Dollars				1,012,950.00

**Oklahoma State Board of Education
Support of Public School Activities Budget**

Purpose		FY 17 Initial Appropriation	FY 17 Actual	FY 18 Appropriation	Difference from FY 17 Initial	Notes
1	Teachers' Retirement System (70 O.S. 17-108.2)	32,712,137.00	32,712,137.00	27,712,137.00	(5,000,000.00)	based on estimated FY 17 count
2	Early Intervention SoonerStart (70 O.S. 13-124)	14,400,341.00	14,400,341.00	14,400,341.00	-	maintain existing programs
3	Alternative Education (70 O.S. 1210.561, 70 O.S. 1210.568)	9,472,400.00	9,472,400.00	10,060,988.00	588,588.00	partially restore cuts
4	Testing (70 O.S. 1210.508, 20 USC §6311(b)(2))	11,064,293.00	11,064,293.00	9,512,125.00	(1,552,168.00)	savings from EOI repeal
5	National Board Teacher Bonus (70 O.S. 6-204.2)	5,500,000.00	4,906,304.91	5,400,000.00	(100,000.00)	FY 17 Actual Cost = \$6,505,000
6	School Lunch Matching & MOE (7 CFR 210-17 and 7 CFR 235.11(a))	3,500,000.00	3,500,000.00	3,320,442.00	(179,558.00)	based on amount required
7	Funding Required to Meet Obligations	76,649,171.00	76,055,475.91	70,406,033.00	(6,243,138.00)	
8	Early Childhood Initiative (70 O.S. 10-105.4)	8,000,000.00	8,000,000.00	10,500,000.00	2,500,000.00	returned to FY 15 amount
9	Reading Sufficiency (70 O.S. 1210.508D)	4,507,271.00	4,507,271.00	6,500,000.00	1,992,729.00	returned to FY 15 amount
10	AP Teacher Training and Test Fee Assistance (70 O.S. 1210.703)	1,035,045.00	1,035,045.00	1,235,045.00	200,000.00	meets obligations
11	Oklahoma Student Information System (70 O.S. 18-200.1(E))	464,955.00	464,955.00	464,955.00	-	maintain existing programs
12	Standards Implementation (70 O.S. 11-103.6, 20 USC §6311(b)(1))	350,000.00	350,000.00	350,000.00	-	maintain existing programs
13	Teacher/Leader Effectiveness Programs (70 O.S. 6-101.16, 20 USC §6611)	-	-	250,000.00	250,000.00	maintain existing programs
14	Alternative Education Program Admin. (70 O.S. 1210.568)	150,000.00	100,000.00	150,000.00	-	maintain existing programs
15	Teacher Residency Program (70 O.S. 6-195)	-	-	150,000.00	150,000.00	maintain existing programs
16	Total Programs Supported by State Statute/Federal Law (1-6, 8-15)	91,156,442.00	90,512,746.91	90,006,033.00	(1,150,409.00)	
17	Teach for America	250,000.00	250,000.00	1,250,000.00	1,000,000.00	partially restore cuts
18	Great Expectations	300,000.00	300,000.00	400,000.00	100,000.00	partially restore cuts
19	Oklahoma Arts Institute	100,000.00	100,000.00	200,000.00	100,000.00	partially restore cuts
20	Street School	150,000.00	150,000.00	180,000.00	30,000.00	partially restore cuts
21	Ag in the Classroom	-	-	38,000.00	38,000.00	returned to FY 15 amount
22	Total Programs Not Supported by State Statute/Federal Law (lines 17-20)	800,000.00	800,000.00	2,068,000.00	1,268,000.00	
23	Total Support of Public School Activities	91,956,442.00	91,312,746.91	92,074,033.00	117,591.00	

Oklahoma State Board of Education Program Descriptions for Fiscal Year 2018 Budget

Purpose	Description	FY 18 Appropriation
Financial Support of Public Schools (70 O.S. 18-200.1)	State funds appropriated for local school districts are distributed through the state aid formula on a weighted average daily membership (WADM) basis.	1,870,977,666.00
Instructional Materials (70 O.S. 16-114a)	Funds allocated to school districts for textbooks and instructional expenses on an average daily attendance (ADA) basis.	-
Flexible Benefit Allowance (70 O.S. 26-104)	See next two items.	462,695,967.00
<i>Certified Personnel</i>	Projected benefit amount for 49,941 school district certified personnel to offset health insurance costs.	299,320,340.00
<i>Support Personnel</i>	Projected benefit amount for 31,575 school district support personnel to offset health insurance costs.	163,375,627.00
Support of Public School Activities	Funds allocated to school districts and other entities for implementation of various education programs and initiatives.	92,074,033.00

Purpose	Description	FY 18 Appropriation
Teachers' Retirement System (70 O.S. 17-108.2)	Funds appropriated to SDE as a pass through to TRS to offset a portion of teachers' contributions to the retirement system. Amount is based on number of members, years of service and credit amount set in statute.	27,712,137
Early Intervention SoonerStart (70 O.S. 13-124)	SoonerStart is Oklahoma's early intervention program serving infants and toddlers with developmental delays from birth to 36 months. SoonerStart is a collaborative interagency project coordinated with the Departments of Health, Human Services, Mental Health and Substance Abuse Services, Health Care Authority and the Commission on Children and Youth. Funding level is maintained to in order to receive federal IDEA Part C funds and meet Maintenance of Effort (MOE). Program serves approximately 8,500 families per year.	14,400,341
Alternative Education Programs and Admin (70 O.S. 1210.561, 70 O.S. 1210.568)	Serves students in grades 6-12 who are most at risk of not completing a high school education. Provides grants to schools for alternative education programs — 280 programs including coops serving approximately 13,500 students. Graduation rate for these students is 83%. Funding levels partially restore previous years' cuts.	10,060,988
Testing (70 O.S. 1210.508, 20 USC §6311(b)(2))	Funds utilized for the administration of a statewide student assessment system for grades 3-8 and high school.	9,512,125
National Board Teacher Bonus (70 O.S. 6-204.2)	Teachers who attained National Board Certification, or submitted application for renewal of such, prior to June 30, 2013 and are eligible to receive the bonus will receive \$5000 annually over a 10-year period. Teachers who attained National Board Certification after June 30, 2013 will receive salary increments as set forth in the minimum salary schedule. Projected number of teachers receiving bonus in FY 18 is 1200.	5,400,000

Purpose	Description	FY 18 Appropriation
School Lunch Matching & MOE (7 CFR 210-17 and 7 CFR 235.11(a))	Minimum amount required for state match and Maintenance of Effort (MOE) required by USDA in order to receive federal funds for the National School Lunch Program. In FY 16 schools provided 72,006,134 lunch and snack meals and 36,109,182 breakfasts.	3,320,442
Early Childhood Initiative (70 O.S. 10-105.4)	Consists of state funds and 3 to 1 private matching funds that provide early childhood services to at-risk children. The program targets low-income families to empower them with the education and tools they need to break the cycle of poverty. Provides services to approximately 2,600 children annually. Funding is restored to FY 15 level.	10,500,000
Reading Sufficiency (70 O.S. 1210.508D)	The purpose of the Reading Sufficiency Act (RSA) is to ensure that all Oklahoma students are reading on grade level at the end of third grade (a critical juncture when students go from learning to read to reading to learn). RSA supports Oklahoma children in Kindergarten through third grade. Funds are given to districts on a per student basis for those students K-3 reading below grade level. Schools need additional dollars to implement new more rigorous standards. In FY 17, 80,304 students were found in need of support and schools received \$56.13 per student. Funding is restored to FY 15 level.	6,500,000
AP Teacher Training and Test Fee Assistance (70 O.S. 1210.703)	AP allows high school students to undertake college level academic courses and provides students the opportunity to show they have mastered the advanced material by taking end-of-course AP exams. Funding provides mandatory training for AP teachers and test fee assistance to low-income students. Funding levels will meet these obligations.	1,235,045

Purpose	Description	FY 18 Appropriation
Oklahoma Student Information System (70 O.S. 18-200.1(E))	Funds used to support and maintain Oklahoma Student Information System.	464,955
Standards Implementation (70 O.S. 11-103.6, 20 USC §6311(b)(1))	Implementation of curricular standards for English Language Arts and Mathematics that are college and career ready will continue in FY 18. Funds will be used to continue development of frameworks and other materials to help teachers understand the standards, and for training around the state. Additionally, standards development for other subject areas will commence.	350,000
Teacher and Leader Effectiveness Programs (70 O.S. 6-101.16)	Funds used to improve the effectiveness of teachers and leaders in the public school system, including continued development and implementation of the new individualized program of professional development. Funds will also be used to continue training programs for leaders. Funding levels will maintain existing programs.	250,000
Alternative Education Program Admin (70 O.S. 1210.568)	Serves students in grades 6-12 who are most at risk of not completing a high school education. Funding will be used to maintain critical program evaluation while doing so more efficiently.	150,000
Teacher Residency Program (70 O.S. 6-195)	Mentoring program for first-year teachers, providing professional development, support and coaching. New requirement of HB 2885 (2014). Last year the program served 3,256 teachers. Funding provides training for mentors and mentees. Funding levels will maintain existing programs.	150,000

Purpose	Description	FY 18 Appropriation
Teach for America	Teach for America is the national corps of outstanding recent college graduates and professionals of all academic majors and career interests who commit two years to teach in urban and rural public schools and become leaders in the effort to expand educational opportunity. TFA is funded through state and private matching funds. The program supports approximately 300 teachers in six districts including OKC, Tulsa and Lawton. Funding levels partially restore previous years' cuts.	1,250,000
Great Expectations	GE is a teacher professional development program based on the latest research of the most effective teaching practices. FY 17 funds will be used for educators from 119 schools (88 GE model schools and 31 scholarship schools) to attend the GE institute, held in multiple locations around the state. This will benefit approximately 62,000 students. In addition, under the grant, 400 Oklahoma Educators were able to attend the fall GE conference. Funding levels partially restore previous years' cuts.	400,000
Oklahoma Arts Institute	Funding supports the Oklahoma Summer Arts Institute, a fine arts school for high school students who are selected to attend through statewide competitive auditions, serving approximately 270 students. The program is also supported through private donations. Funding levels partially restore previous years' cuts.	200,000
Street School	Street School is an academic and therapeutic program designed for youth that have dropped out or are at risk of dropping out. Program assists the hardest to reach and most deficient students in increasing college, career and citizen-readiness. The program serves approximately 130 students. Funding levels partially restore previous years' cuts.	180,000

Purpose	Description	FY 18 Appropriation
Ag in the Classroom	Program goal is to increase agricultural literacy among students and educators. Materials are developed in collaboration with the Dept of Agriculture. Program serves approximately 30,000 students and teachers. Program is also supported through the OSU Cooperative Extension Service Youth Development Program and private donations. Funding is restored to FY 15 level.	38,000
Support of Partnership for Math Intervention	Monies appropriated in FY 17 "for support of a partnership for math intervention for grades 4-8."	-
Administrative and Support Functions	Administrative and support functions for the State Department of Education. Funds also used to pay for required state accountability system.	15,681,105.00
Lottery Trust Fund - Transfer to TRS Revolving Fund (H.B. 2242, 2015, 62 O.S 34.93 and 3A O.S. 713(C)(3))	Funds appropriated to the Teachers' Retirement System Dedicated Revenue Revolving Fund to fund the current unfunded liability of the Teachers' Retirement System.	3,485,529.00
Lottery Trust Fund - Transfer to School Consolidation Assistance Fund (H.B. 2242, 2015, 70 O.S. 7-203)	Funds appropriated to SDE to assist district consolidation, annexation, shared superintendent, severance payments and ACE technology.	3,485,529.00
TOTAL APPROPRIATION		2,448,399,829.00



S.B. 860

RE: S.B. 860

SUBJECT: General appropriations

Senate Bill 860 §2-165 becomes effective on July 1, 2017. This bill is the general appropriations bill and makes appropriations to the various agencies of the executive, legislative and judicial branches of state government. It appropriates \$2,448,399,829 to the State Board of Education.

NOTE: Total figures referenced in this summary include appropriations made in H.B. 2360 and S.B. 852.

- Section 1: Appropriates \$10,144,171 to the Oklahoma Education Lottery Trust Fund from the Special Cash Fund. (NOTE: This appropriation was made upon the finding by the State Board of Equalization that funds were used to supplant funding for education.)
- Sections 2-17 (pages 3-6): Appropriates \$2,448,399,829 to the State Board of Education for Fiscal Year 2018 (FY18), which is *\$21,678,395 more* than was initially appropriated in FY17.
- Financial Support of Public Schools (i.e. funding formula) is appropriated \$1,870,977,666, which is *\$274,042 more* than beginning FY17.
 - \$1,036,429,437 from the General Revenue Fund
 - \$695,407,138 from the Education Reform Revolving Fund (1017 Fund)
 - \$47,372,299 from the Common Education Technology Fund
 - \$4,275,000 from the Mineral Leasing Fund FY18
 - \$2,624,038 from the Mineral Leasing Fund FY16
 - \$25,939,910 from the Oklahoma Lottery Trust Fund FY18
 - \$5,429,844 from the Oklahoma Lottery Trust Fund FY16
 - \$2,500,000 from the School Consolidation Assistance Fund
 - NOTE: S.B. 852 appropriates \$33,000,000 and H.B. 2360 appropriates \$18,000,000 from the Constitutional Reserve Fund to the financial support of public schools.
- Support of Public School Activities is appropriated \$92,074,033 from the General Revenue Fund, which is *\$117,591 more* than in FY17.
- Support of Partnership of Math Intervention is appropriated \$0, which is *\$1,000,000 less* than in FY17.

- Heath Benefit Allowance (i.e. Flexible Benefit Allowance/FBA) is appropriated \$462,695,967, which is *\$20,665,445 more* than in FY17, from the General Revenue Fund.
 - \$299,320,340 for Certified Employees
 - \$163,375,627 for Support Personnel
- Textbooks and Instructional Materials is appropriated \$0, which is the same amount as in FY17.
- Administrative and Support Functions of the State Department of Education is appropriated \$15,681,105 from the General Revenue Fund, which is *\$150,239 less* than in FY17.
- School Consolidation Assistance Fund is appropriated \$3,485,529, which is *\$885,778 more* than FY17.
 - \$2,882,213 from the Oklahoma Lottery Trust Fund FY18
 - \$603,316 from the Oklahoma Lottery Trust Fund FY16
- Oklahoma Teachers' Retirement System Dedicated Revenue Revolving Fund is appropriated \$3,485,529, which is *\$885,778 more* than FY17.
 - \$2,882,213 from the Oklahoma Lottery Trust Fund FY18
 - \$603,316 from the Oklahoma Lottery Trust Fund FY16
- Section 166 (page 37): The Ad Valorem Reimbursement Fund is appropriated \$9,815,000 from the Special Cash Fund of the State Treasury for the purpose of reimbursing counties for school districts that claim a loss of revenue due to exemptions of certain ad valorem taxes.

NOTE: An additional \$60,185,000 was appropriated for the Ad Valorem Reimbursement Fund in S.B. 842 for a total of \$70,000,000, which is *\$22,925,909 more* than FY17.

Should you have any questions related to this bill, please contact Ms. Mathangi Shankar, Chief Financial Officer, at (405) 522-0162 or Ms. Carolyn Thompson, Chief of Government Affairs, at (405) 522-3520.

An Act

ENROLLED SENATE
BILL NO. 860

By: David and Fields of the
Senate

and

Osborn (Leslie) and Wallace
of the House

An Act relating to general appropriations for the expenses of various agencies of the executive, legislative and judicial departments of the state; making appropriations to the Oklahoma Education Lottery Trust Fund, State Board of Education, the Oklahoma Arts Council, the State Board of Career and Technology Education, the Office of Educational Quality and Accountability, the Oklahoma Educational Television Authority, the Oklahoma State Regents for Higher Education, the Commissioners of the Land Office, the Oklahoma Department of Libraries, the Physician Manpower Training Commission, the Board of Trustees of the Oklahoma School of Science and Mathematics, the Oklahoma Center for the Advancement of Science and Technology, the Office of the Attorney General, the Office of the State Auditor and Inspector, the Office of the State Bond Advisor, the State Election Board, the Oklahoma Department of Emergency Management, the Ethics Commission, the Office of the Governor, the Oklahoma House of Representatives, the Legislative Service Bureau, the Office of the Lieutenant Governor, the Office of Management and Enterprise Services, the Oklahoma Merit Protection Commission, the Military Department of the State of Oklahoma, the Oklahoma State Senate, the Oklahoma Tax Commission, the Office of the State Treasurer, the Oklahoma Space Industry Development Authority, the Department of Transportation, the State Department of Health, the Oklahoma Health Care Authority, the J.D. McCarty Center for Children with

Developmental Disabilities, the Department of Mental Health and Substance Abuse Services, the Oklahoma State University Medical Authority, the University Hospitals Authority, the Oklahoma Department of Veterans Affairs, the Oklahoma Commission on Children and Youth, the Office of Disability Concerns, the Department of Human Services, the Office of Juvenile Affairs, the State Department of Rehabilitation Services, the Oklahoma Department of Agriculture, Food, and Forestry, the Oklahoma Department of Commerce, the Rural Economic Action Plan Fund, the Oklahoma Conservation Commission, the Corporation Commission, the Department of Environmental Quality, the Oklahoma Historical Society, the J.M. Davis Memorial Commission, the Department of Labor, the Department of Mines, the Oklahoma Tourism and Recreation Department, the Oklahoma Water Resources Board, the Alcoholic Beverage Laws Enforcement Commission, the Department of Corrections, the Oklahoma State Bureau of Investigation, the Council on Law Enforcement Education and Training, the Board of Medicolegal Investigations, the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the Department of Public Safety, the Court of Criminal Appeals, district attorneys and the District Attorneys Council, the Supreme Court, the Oklahoma Indigent Defense System and the Pardon and Parole Board; stating amounts of the appropriations; stating purposes and restrictions; reappropriating and redesignating certain funds; reappropriating certain funds; authorizing transfers; and providing an effective date.

SUBJECT: General appropriations

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

EDUCATION

SECTION 1. There is hereby appropriated to the Oklahoma Education Lottery Trust Fund from any monies not otherwise appropriated from the Special Cash Fund of the State Treasury, the sum of Ten Million One Hundred Forty-four Thousand One Hundred Seventy-one Dollars (\$10,144,171.00) or so much thereof as may be necessary pursuant to the provisions of subsection E of Section 713 of Title 3A of the Oklahoma Statutes.

SECTION 2. There is hereby appropriated to the State Board of Education from any monies not otherwise appropriated from the General Revenue Fund of the State Treasury for the fiscal year ending June 30, 2018, the sum of One Billion Thirty-six Million Four Hundred Twenty-nine Thousand Four Hundred Thirty-seven Dollars (\$1,036,429,437.00) or so much thereof as may be necessary for the financial support of public schools.

SECTION 3. There is hereby appropriated to the State Board of Education from any monies not otherwise appropriated from the Education Reform Revolving Fund created in Section 34.89 of Title 62 of the Oklahoma Statutes, the sum of Six Hundred Ninety-five Million Four Hundred Seven Thousand One Hundred Thirty-eight Dollars (\$695,407,138.00) or so much thereof as may be necessary for the financial support of public schools.

SECTION 4. The State Board of Education is hereby authorized to expend during the fiscal year ending June 30, 2018, from the Common Education Technology Revolving Fund of the State Treasury, the sum of Forty-seven Million Three Hundred Seventy-two Thousand Two Hundred Ninety-nine Dollars (\$47,372,299.00) or so much thereof as may be necessary for the financial support of public schools.

SECTION 5. There is hereby appropriated to the State Board of Education from any monies not otherwise appropriated from the Mineral Leasing Fund of the State Treasury for the fiscal year ending June 30, 2018, the sum of Four Million Two Hundred Seventy-five Thousand Dollars (\$4,275,000.00) or so much thereof as may be necessary for the financial support of public schools.

SECTION 6. There is hereby appropriated to the State Board of Education from any monies not otherwise appropriated from the

Mineral Leasing Fund of the State Treasury for the fiscal year ending June 30, 2016, the sum of Two Million Six Hundred Twenty-four Thousand Thirty-eight Dollars (\$2,624,038.00) or so much thereof as may be necessary for the financial support of public schools.

SECTION 7. There is hereby appropriated to the State Board of Education from any monies not otherwise appropriated from the Oklahoma Education Lottery Trust Fund of the State Treasury for the fiscal year ending June 30, 2018, the sum of Twenty-five Million Nine Hundred Thirty-nine Thousand Nine Hundred Ten Dollars (\$25,939,910.00) or so much thereof as may be necessary for the financial support of public schools.

SECTION 8. There is hereby appropriated to the State Board of Education from any monies not otherwise appropriated from the Oklahoma Education Lottery Trust Fund of the State Treasury for the fiscal year ending June 30, 2016, the sum of Five Million Four Hundred Twenty-nine Thousand Eight Hundred Forty-four Dollars (\$5,429,844.00) or so much thereof as may be necessary for the financial support of public schools.

SECTION 9. Notwithstanding any other provision of law, the State Board of Education is hereby authorized to expend during the fiscal year ending June 30, 2018, from the School Consolidation Assistance Fund (260 Fund), the sum of Two Million Five Hundred Thousand Dollars (\$2,500,000.00) or so much thereof as may be necessary for the financial support of public schools.

SECTION 10. There is hereby appropriated to the State Board of Education from any monies not otherwise appropriated from the General Revenue Fund of the State Treasury for the fiscal year ending June 30, 2018, the sum of Ninety-two Million Seventy-four Thousand Thirty-three Dollars (\$92,074,033.00) or so much thereof as may be necessary for the support of public schools activities.

SECTION 11. There is hereby appropriated to the State Board of Education from any monies not otherwise appropriated from the General Revenue Fund of the State Treasury for the fiscal year ending June 30, 2018, the sum of Two Hundred Ninety-nine Million Three Hundred Twenty Thousand Three Hundred Forty Dollars (\$299,320,340.00) or so much thereof as may be necessary for the Certified Employee Health Benefit Allowance.

SECTION 12. There is hereby appropriated to the State Board of Education from any monies not otherwise appropriated from the General Revenue Fund of the State Treasury for the fiscal year ending June 30, 2018, the sum of One Hundred Sixty-three Million Three Hundred Seventy-five Thousand Six Hundred Twenty-seven Dollars (\$163,375,627.00) so much thereof as may be necessary for the Support Personnel Health Benefit Allowance.

SECTION 13. There is hereby appropriated to the State Board of Education from any monies not otherwise appropriated from the General Revenue Fund of the State Treasury for the fiscal year ending June 30, 2018, the sum of Fifteen Million Six Hundred Eighty-one Thousand One Hundred Five Dollars (\$15,681,105.00) or so much thereof as may be necessary for administrative and support functions of the State Department of Education.

SECTION 14. There is hereby appropriated to the State Board of Education from any monies not otherwise appropriated from the Oklahoma Education Lottery Trust Fund of the State Treasury for the fiscal year ending June 30, 2018, the sum of Two Million Eight Hundred Eighty-two Thousand Two Hundred Thirteen Dollars (\$2,882,213.00) or so much thereof as may be necessary for transfer to the School Consolidation Assistance Fund.

SECTION 15. There is hereby appropriated to the State Board of Education from any monies not otherwise appropriated from the Oklahoma Education Lottery Trust Fund of the State Treasury for the fiscal year ending June 30, 2016, the sum of Six Hundred Three Thousand Three Hundred Sixteen Dollars (\$603,316.00) or so much thereof as may be necessary for transfer to the School Consolidation Assistance Fund.

SECTION 16. There is hereby appropriated to the State Board of Education from any monies not otherwise appropriated from the Oklahoma Education Lottery Trust Fund of the State Treasury for the fiscal year ending June 30, 2018, the sum of Two Million Eight Hundred Eighty-two Thousand Two Hundred Thirteen Dollars (\$2,882,213.00) or so much thereof as may be necessary for transfer to the Teachers' Retirement System Dedicated Revenue Revolving Fund.

SECTION 17. There is hereby appropriated to the State Board of Education from any monies not otherwise appropriated from the Oklahoma Education Lottery Trust Fund of the State Treasury for the fiscal year ending June 30, 2016, the sum of Six Hundred Three Thousand Three Hundred Sixteen Dollars (\$603,316.00) or so much thereof as may be necessary for transfer to the Teachers' Retirement System Dedicated Revenue Revolving Fund.

SECTION 18. There is hereby appropriated to the Oklahoma Arts Council from any monies not otherwise appropriated from the General Revenue Fund of the State Treasury for the fiscal year ending June 30, 2018, the sum of Two Million Seven Hundred Ninety-five Thousand One Hundred Eighty-one Dollars (\$2,795,181.00) or so much thereof as may be necessary to perform the duties imposed upon the Oklahoma Arts Council by law.

SECTION 19. There is hereby appropriated to the State Board of Career and Technology Education from any monies not otherwise appropriated from the General Revenue Fund of the State Treasury for the fiscal year ending June 30, 2018, the sum of One Hundred Eight Million One Hundred Eighty-one Thousand Four Hundred Seventy-seven Dollars (\$108,181,477.00) or so much thereof as may be necessary to perform the duties imposed upon the State Board of Career and Technology Education by law.

SECTION 20. There is hereby appropriated to the State Board of Career and Technology Education from any monies not otherwise appropriated from the Oklahoma Education Lottery Trust Fund of the State Treasury for the fiscal year ending June 30, 2018, the sum of Three Million One Hundred Seventy Thousand Four Hundred Thirty-three Dollars (\$3,170,433.00) pursuant to paragraph 2 of subsection C of Section 713 of Title 3A of the Oklahoma Statutes for allocation by the State Board of Career and Technology Education for the education and general operating budgets of the institutions and for other programs, construction, renovations or repairs administered by the State Board of Career and Technology Education.

SECTION 21. There is hereby appropriated to the State Board of Career and Technology Education from any monies not otherwise appropriated from the Oklahoma Education Lottery Trust Fund of the State Treasury for the fiscal year ending June 30, 2016, the sum of Six Hundred Sixty-three Thousand Six Hundred Forty-eight Dollars

Treasury for the fiscal year ending June 30, 2016, by Section 48, Chapter 348, O.S.L. 2015, is hereby continued and reappropriated in the current amount and for the original purpose, as adjusted for transfer, less any amount that has been expended upon the effective date of this act.

SECTION 165. REAPPROPRIATION The amount of One Hundred Twenty-four Thousand Six Hundred Ninety-six Dollars (\$124,696.00) originally appropriated to the Ethics Commission from the Special Cash Fund of the State Treasury by Section 135, Chapter 420, O.S.L. 2014, is hereby continued and reappropriated in the current amount and for the original purpose, as adjusted for transfer, less any amount that has been expended upon the effective date of this act.

SECTION 166. There is hereby appropriated to the State Board of Education from any monies not otherwise appropriated from the Special Cash Fund of the State Treasury the sum of Nine Million Eight Hundred Fifteen Thousand Dollars (\$9,815,000.00) to be transferred to the Ad Valorem Reimbursement Fund, created pursuant to Section 193 of Title 62 of the Oklahoma Statutes, for the purpose of reimbursing counties for school districts that claim a loss of revenue due to a tax exemption granted pursuant to the provisions of Section 6B of Article X of the Oklahoma Constitution.

SECTION 167. There is hereby appropriated to the Office of Management and Enterprise Services from any monies not otherwise appropriated from the Special Cash Fund of the State Treasury, the sum of Fourteen Million Three Hundred Eighty Thousand Eight Hundred Seven Dollars (\$14,380,807.00) or so much thereof as may be necessary to perform the duties imposed upon the Office of Management and Enterprise Services by law.

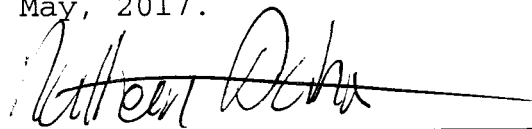
SECTION 168. There is hereby appropriated to the Oklahoma Historical Society from any monies not otherwise appropriated from the Special Cash Fund of the State Treasury, the sum of Two Hundred Seventy-five Thousand Dollars (\$275,000.00) or so much thereof as may be necessary to perform the duties imposed upon the Oklahoma Historical Society by law.

SECTION 169. There is hereby appropriated to the Department of Public Safety from any monies not otherwise appropriated from the Special Cash Fund of the State Treasury, the sum of Five Million


Dollars (\$5,000,000.00) or so much thereof as may be necessary to perform the duties imposed upon the Department of Public Safety by law.

SECTION 170. Sections 2 through 165 of this act shall become effective July 1, 2017.

Passed the Senate the 24th day of May, 2017.


Presiding Officer of the Senate

Passed the House of Representatives the 26th day of May, 2017.


Presiding Officer of the House
of Representatives

OFFICE OF THE GOVERNOR

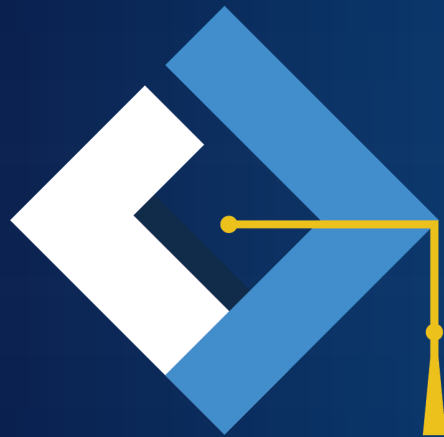
Received by the Office of the Governor this 26th
day of May, 2017, at 3:22 o'clock P M.
By: Audrey Lockwell

Approved by the Governor of the State of Oklahoma this 31st
day of May, 2017, at 11:15 o'clock A M.


Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this 31st
day of May, 2017, at 12:45 o'clock P M.
By: Dan J. [Signature]



OKLAHOMA STATE DEPARTMENT OF
EDUCATION
— CHAMPION EXCELLENCE —

FY 2018 State Appropriation and Budget

June 22, 2017

Carolyn Thompson

Chief of Government Affairs

FY 17 Final School Allocations

Initial Formula Appropriation: \$1,870,703,624

- GR Failure: \$7,270,161.15
- 1017 Fund Shortfall: \$39,119,084.56
- Common Ed Tech Fund Shortfall: \$3,124,942.70
- Mineral Leasing Fund Shortfall: \$888,247.79
- Total FY 17 mid-year cuts: \$50,402,436.20

Final Formula Allocation: \$1,820,301,187.80



OKLAHOMA STATE DEPARTMENT OF
EDUCATION
— CHAMPION EXCELLENCE —

FY 18 Appropriations

The State Board of Education is appropriated a total of **\$2,448,399,829** for FY 18, an increase of \$21,678,395 mostly needed to cover cost of FBA.

- **SB 860:** General Appropriations (GA) bill.
- **SB 852:** \$33m appropriation from Rainy Day Fund.
- **HB 2360:** \$18m appropriation from Rainy Day Fund.



Legislative Appropriation

- Financial Support of Public Schools (Formula):
\$1,870,977,666
 - \$274,042 *more than* in FY 17
- Support of Public School Activities: \$92,074,033
 - \$117,591 *more than* in FY 17
- Textbooks and Instructional Materials: \$0
 - The same amount as in FY 17
- Flexible Benefit Allowance: \$462,695,967
 - \$20,665,445 *more than* in FY 17



Legislative Appropriation

- Support of Partnership of Math Intervention: \$0
 - \$1,000,000 *less than* in FY 17
- Administrative/Support Functions of SDE:
\$15,681,105
 - \$150,239 *less than* in FY 17
- School Consolidation Assistance Fund: \$3,485,529
 - \$885,778 *more than* in FY 17
- Teachers' Retirement Dedicated Revenue:
\$3,485,529
 - \$885,778 *more than* in FY 17



Ad Valorem Reimbursement

Reimburses school districts that claim a loss of revenue due to ad valorem tax exemptions. (62 O.S. §193)

- **SB 860:** Appropriates **\$9,815,000** to the Ad Valorem Reimbursement Fund from Special Cash Fund.
- **SB 842:** Appropriates **\$60,185,000** to the Ad Valorem Reimbursement Fund from Rainy Day Fund.
- Total Appropriated Reimbursement to schools:
\$70,000,000
 - \$22,925,909 *more than* in FY 17.



What makes up the Formula?

\$1,870,977,666 total

- \$1,036,429,437 from the General Revenue (GR) Fund
 - \$2,165,013 *less than* in FY 17
- \$695,407,138 from the Education Reform Revolving Fund (1017)
 - \$1,546,918 *less than* in FY 17
- \$47,372,299 from the Common Education Technology Fund
 - \$6,203,821 *more than* in FY 17 (Fund collected approx. \$38m in FY 17)
- \$6,899,038 from Mineral Leasing Fund (Fund collected approx. \$3.8m in FY 17)
 - \$2,175,243 *more than* in FY 17
- \$31,369,754 from the Oklahoma Lottery Trust Fund
 - \$7,971,997 *more than* in FY 17
- \$51,000,000 from Rainy Day Fund (SB 852 & HB 2360)
 - \$14,865,088 *less than* in FY 17
- \$2,500,000 from School Consolidation Assistance Fund
 - \$2,500,000 *more than* in FY 17



OKLAHOMA STATE DEPARTMENT OF
EDUCATION
— CHAMPION EXCELLENCE —

1017 Fund

Funding sources:

- Individual Income Tax
- Corporate Income Tax
- Use Tax
- Special License Plates
- Tribal Gaming
- Cigarette Tax (existing)
- Horse Track Gaming
- Tobacco Products Tax
- Business Activity Tax

HB 2433 imposes 1.25% excise tax on sale of cars. Total income to 1017 fund = approx. \$12,906,000.



Common Education Technology Fund

Funding sources:

- 25.72% of oil produced under the 7% tax rate
- 22.5% of oil produced under the 4% tax rate

HB 2429 increases tax on wells in the first 48mos. of production from 1% to 4%. Total income to the state = approx. \$95,317,866.

HB 2377 suspends certain oil and gas tax credits for one year. Total income to the state = approx. \$46,320,000.



OKLAHOMA STATE DEPARTMENT OF
EDUCATION
— CHAMPION EXCELLENCE —

Lottery Funds

Oklahoma Education Lottery Trust Fund:

45% to K-12 education/early childhood development

45% to Higher Education

5% to School Consolidation Assistance Fund

5% to Teachers' Retirement System Dedicated Revenue Revolving Fund

Total FY 18 Lottery: \$38,340,812

- \$31,369,754 to FY 18 formula
- \$3,485,529 each to School Consolidation Fund and OTRS

Supplanted Funds included in FY 18 Appropriation:

- **\$10,144,171** Appropriated to Lottery Fund from Special Cash Fund
 - \$4,564,876.95 (45%) to common education (FY 18 formula)
 - \$507,208.55 (5%) each to School Consolidation Fund and OTRS

HB 1837 apportions first \$50m as required (\$22.5 to common ed)
Excess to common ed for reading/STEM specifically



OKLAHOMA STATE DEPARTMENT OF
EDUCATION
— CHAMPION EXCELLENCE —

School Consolidation Fund

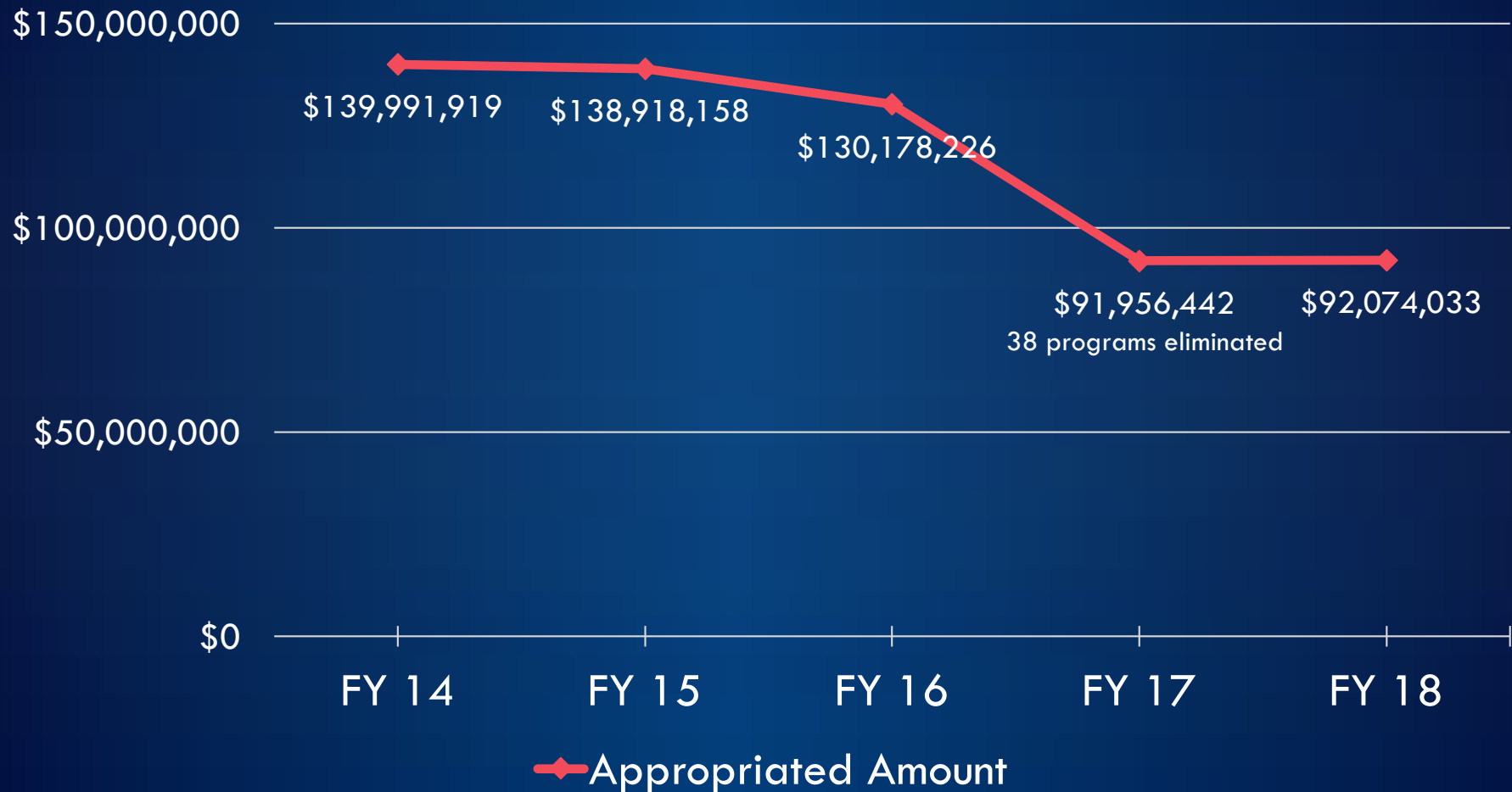
Used for:

- **Annexations/Consolidations**
 - Expenses associated with educating new students (staff, books, equipment, buildings, severance, etc.)
- **Shared Superintendents**
- **ACE Technology (if over \$5m)**
- **\$2,500,000** taken from School Consolidation Fund and put into formula
- **\$3,485,529** appropriated from Lottery Fund
- **\$5,985,535** projected revenue available for FY 18



OKLAHOMA STATE DEPARTMENT OF
EDUCATION
— CHAMPION EXCELLENCE —

Public School Activities Decline



OKLAHOMA STATE DEPARTMENT OF
EDUCATION
— CHAMPION EXCELLENCE —

Support of Public School Activities Required for Existing Obligations

Purpose	FY 2017 Initial	FY 2018	Increase/ (Decrease)
Teachers' Retirement	\$32,712,137	\$27,712,137	(\$5,000,000)
SoonerStart	\$14,400,341	\$14,400,341	-
Alternative Education Programs	\$9,472,400	\$10,060,988	\$588,588
Testing	\$11,064,293	\$9,512,125	(\$1,552,168)
National Board Teacher Bonus	\$5,500,000	\$5,400,000	(\$100,000)
School Lunch Match/MOE	\$3,500,000	\$3,320,442	(\$179,558)
Total	\$76,649,171	\$70,406,033	(\$6,243,138)

Key Programs Increased or Maintained

Savings in some program areas make it possible to partially restore cuts to critical areas and maintain others.

Funding Increased:

- Alternative Education
- Early Childhood Initiative
- Reading Sufficiency
- AP Training/Test Fee Asst.
- Teacher/Leader Effectiveness
- Teacher Residency Program
- Teach for America
- OK Arts Institute
- Great Expectations
- Street School

Funding Maintained

- Sooner Start
- Standards Implementation
- Student Information System
- Alt Ed Program Administration